

(250/ton / 2,000 lbs)	0.13
multiplied by Soybean usage rate	<u>116.00</u>
SOYBEAN USAGE ALLOWANCE	\$452.40
<u>Corn Allowance:</u>	
Cwt of carcass weight (3,000 lb / 100 lbs)	30.00
multiplied by Average price per pound	
(\$3.36/bushel / 56 lbs)	\$ 0.05
multiplied by Corn usage rate	<u>403.00</u>
CORN USAGE ALLOWANCE	<u>\$725.40</u>
TOTAL FEED COST ALLOWANCE	\$1,177.80

(c) Commercial Application of Beta Agonist and P.S.T. In the event that Beta Agonist or P.S.T. becomes commercially available for use in swine production during the term of this Agreement, or any other production practice that significantly lowers feed usage, Farmland reserves the right to adjust the feed usage rates to accurately reflect the change in feed usage rates of any of the ration components based on data from independent scientifically conducted studies or to adjust the ration to more accurately reflect Farmland's recommended feeding programs.

15. **QUALITY GRADE PREMIUM.** The purchase price to be paid hereunder for Qualifying Market Hogs shall be subject to increase for quality grade premium and subject to decrease for quality grade discount, which will be determined according to Farmland's current standard carcass merit program in effect at the time of delivery.

16. **RIGHT OF INSPECTION.** Farmland shall have the right to inspect the Facilities and to inspect Producer's records to assure the management of genetic, breeding, health, and feeding programs prescribed by this Agreement are being carried out according to the terms of this Agreement. Producer agrees to provide all supporting records upon request.

17. **WEIGHING CONDITIONS.** All shipments will be weighed at state-inspected scales maintained by Farmland at the Slaughter Facility. A copy of all scale tickets will be provided to Producer.

18. **METHOD OF PAYMENT.** Farmland shall make prompt payment to Producer within 48 hours after carcass value has been determined.

19. **BREACH AND REMEDIES.** If Producer or Farmland shall fail to observe or perform any covenant or agreement contained herein or if any representation or warranty given by either of them in connection herewith proves to be false or misleading, the nonbreaching party shall give the breaching party written notice thereof and if the breaching party has not cured such breach within sixty (60) days of the date of such notice, then the nonbreaching party shall have the right to pursue any and all remedies it may have at law or in equity, including, but not limited to, termination of this Agreement. The election of one remedy shall not foreclose the use of another remedy by the nonbreaching party and the remedies shall be considered cumulative and not exclusive.

20. **FAILURE OF DELIVERY.** In the event that Producer fails to deliver (i) if this Agreement is based on a specified number of months, the minimum number of Qualifying Market Hogs to Farmland that are contracted for delivery to Farmland under this Agreement during any calendar quarter of this Agreement, or (ii) if this Agreement is based on a specified number of building turns, the number of Qualifying Market Hogs to Farmland that are contracted for delivery to Farmland under this Agreement with respect to the building turns occurring during any calendar quarter, then Producer shall pay to Farmland \$2.00 per undelivered Qualifying Market Hog that Producer is required to deliver pursuant to this Agreement.

In addition, in the event that the average Base Price (as determined based on a hot carcass weight of 190 pounds) paid by Farmland hereunder for Qualifying Market Hogs delivered to Farmland hereunder during such calendar quarter is less than the average of the opening USDA Western Live Cattle mid-point hog/hot carcass price for the 49-50% lean carcass (as determined based on a hot carcass weight of 190 pounds) for all trading days within such calendar quarter, then Producer shall pay to Farmland the product of (i) the difference of (A) such average mid-point price, minus (B)

such average Base Price, multiplied by (ii) (A) if this Agreement is based on a specified number of months, the number of undelivered Qualifying Market Hogs that were contracted for delivery to Farmland hereunder for such calendar quarter, or (B) if this Agreement is based on a specified number of building turns, the number of undelivered Qualifying Market Hogs that were contracted for delivery to Farmland hereunder with respect to the building turns occurring (or that should have occurred) during such calendar quarter.

21. **FARMLAND DISCLAIMER.** FARMLAND EXPRESSLY DISCLAIMS THE MAKING OF, AND PRODUCER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED UPON, ANY WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AS TO THE BREEDING STOCK, FEED, MEDICATION, OR FEEDING PROGRAM, DESCRIBED IN THIS AGREEMENT, OR AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE PRODUCER'S BUSINESS VENTURE OR WITH RESPECT TO ANY MATTER WHATSOEVER. PRODUCER SHOULD DISREGARD ANY UNAUTHORIZED INFORMATION, WHETHER ORAL OR WRITTEN, CONCERNING THE VOLUME, PROFITABILITY OR CHANCE OF SUCCESS OF THE PRODUCER'S OPERATION. ACTUAL RESULTS VARY FROM SWINE OPERATION TO SWINE OPERATION AND THERE CAN BE NO ASSURANCE THAT PRODUCER WILL PERFORM AS WELL AS OTHER PERSONS OR COMPANIES IN THE OPERATION OF SWINE FACILITIES. PRODUCER RECOGNIZES AND ACCEPTS THE RISKS AND HAZARDS INHERENT IN OR ASSOCIATED WITH ANY LIVESTOCK PRODUCING VENTURE.

22. **PRODUCER DISCLAIMER.** PRODUCER MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED TO FARMLAND OTHER THAN AS MAY BE SPECIFICALLY SET FORTH HEREIN.

23. **FORCE MAJEURE.** Either party to this Agreement shall be relieved of his or its responsibilities and obligations hereunder when performance becomes commercially impossible because of reasons beyond their reasonable control such as, but not limited to, fire, explosion, strike, accident, governmental regulations, or intervention and acts of God. Herd health or management problems that may impact the productivity of the Herd, however, shall not relieve Producer of his or its responsibilities and obligations to deliver Qualifying Market Hogs under this Agreement.

24. **ASSIGNMENT.** The parties understand and acknowledge that the rights have been granted based on the business skill, financial capacity and personal character of Producer. Accordingly, neither Producer nor any successor assignee to any part of Producer's interest in this agreement nor any individual partnership, limited liability company, corporation or other entity which directly or indirectly has or owns any interest in Producer of this Agreement shall sell, assign, transfer or otherwise convey any direct or indirect interest in this Agreement without Farmland's prior written consent. Any purported sale, assignment, transfer or conveyance, by operation of law or otherwise, not having the prior written approval of Farmland shall be null and void and shall constitute a material event of default for which Farmland may terminate this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

25. **SURVIVAL.** All obligations and disclaimers which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

26. **INDEPENDENT CONTRACTOR.** It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between them, that the producer is an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise or servant of the other for any purpose whatsoever. Producer understands and agrees that nothing in this Agreement authorizes producer to make any contract, agreement, warranty, or representation on Farmland's behalf, or to incur any debt or other obligation in Farmland's name; and Farmland shall in no event assume liability for or be deemed liable hereunder for any such action; nor shall Farmland be deemed liable by reason of any act or omission of producer in the conduct of its business pursuant to this Agreement, or for any claim or judgment arising therefrom.